

TOWARDS A POSITION ON THE ISSUES IN THE CANCUN AGENDA

Gender and the WTO sectoral agreements

DAWN has consistently maintained, in line with civil society discussions and our own critical analysis, that there should be: no new round of multilateral trade negotiations; no new agreement on investment; and that the WTO should not have the ability to affect or restrict members' ability to fulfil their commitments under the Multilateral Environmental Agreements.

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A DAWN Special Supplement

*Discussion paper on the World Trade Organisation
first published November 1999 and
revised in preparation for the 5th Ministerial
Meeting, Cancun, Mexico, 10-14 September, 2003*

FREE TRADE OR FAIR TRADE?

**- an overview of the WTO and the
myths surrounding it**

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In the lead-up to the Seattle Ministerial Meeting in November 1999, DAWN asked certain questions on the impacts of trade and trade-related policies on the lives of poor women and men in the South, on poverty eradication, gender empowerment and sustainable and equitable development. A few of these questions were: Are there areas of the economy or sectors that should not be subjected to unbridled trade liberalisation? Are there areas of the economy which are critically important and which have multiple functions in economic development and the economic and social progress of women and men in the economy such that they should be protected?

These issues continue to be central to the economic development of poor countries, and the discussion paper DAWN produced for Seattle is reprinted here. The presumption is that trade liberalisation is unambiguously good for all sectors and all men and women in the economy. But is it?

Trade is an important tool in the process of economic development of Southern economies. For least developed countries, trade is also an important tool for promoting development that is anchored in ensuring food security and rural livelihoods. Trade rules are therefore important but cannot take precedence over human rights and environmental sustainability. Therefore trade policies and associated rules need to be democratically determined through consultative processes with women's and men's organisations, other civil society formations, and interagency processes at the local and national level. Trade decision-making must also be accountable, inclusive and transparent at the international level. This is the hallmark of good governance.

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From P1 - Free Trade or Fair Trade?

A fair trading system that supports gender justice requires policies and rules that:

- § First and foremost, are anchored in a sustainable development framework that is both gender aware and gender sensitive, pro human development and pro the poor. They must also be grounded in a comprehensive approach to human rights in all its dimensions: civil, cultural, economic, political and social.
- § Provide adequate resources at both national and international levels for programmes and projects whose ultimate goal is the expansion of women's and men's capabilities. In order for this to occur they must ensure the necessary prerequisites of development. This means that there can be no side-stepping or paying lip-service to: issues of land reform in general and women's access to land rights and inheritances and credit in particular; food security and food self-sufficiency; gender equity and equality in all economic and social policies; and the provision of basic health care, safe water and affordable, sustainable fuel and energy.
- § Promote and are grounded in good governance and democracy both at the National and at the international (WTO) level. Good governance, democratisation, decentralisation and human rights are fundamentally about promoting women's and men's abilities to secure sustainable, meaningful livelihoods, and as such, may require that governments take actions which may not be in line with the trade liberalisation imperative. Therefore, it is important that trade rules allow for government flexibility to develop such programmes. Good governance should also be about creating special programmes for the vulnerable. It is not simply about setting up "democratic" mechanisms to facilitate foreign investors and financial and credit markets.

Trade policy that is driven by an underlying commitment to good governance must hold corporations accountable and not simply create pro-corporate investment rules. Such a trade policy seeks to create a sustainable level/floor for social development and the protection and promotion of women's and men's economic

and social rights; rather than simply creating a 'level' playing field for international competition. In order for trade policy to actively contribute to such an endeavour it must also be a key cornerstone in a broad based development-centred approach that creates mechanisms to stop the haemorrhage of funds from poor to rich countries via interest, dividends, debt services and unfavourable terms of trade.

Trade policy and trade rules cannot therefore be single-mindedly focused on trade liberalisation, but must also focus on the eradication of poverty and the economic and social empowerment of women. Such attempts are not automatically supported, however, and in fact may be contravened or contradicted by conventional growth/trade liberalisation strategies that emphasise capital and profit accumulation, structural adjustment and perpetuation of external debt.

Voices and issues in the debate on WTO

When the WTO first emerged in 1994 with the signing of the final conclusions of the Uruguay Round of trade agreements, global consensus appeared to reign on the desirability of global trade liberalisation. Trade liberalisation was presented as a neutral, technical matter of establishing a rule-based system to promote the free flow of goods, services and capital (but not labour) for the global good of all. Five years later, the consensus had noticeably waned.

The debate raged on inside the WTO as well as within international civil society about the benefits and efficacy of the multilateral trade system, accompanied by widespread mobilisation of grassroots activists, trade unions, and women's groups around the upcoming discussions on the future of world trade to be held in Seattle, Washington, later in that year.

Central to the debate and the numerous organising campaigns were critical questions about the nature and scope of the WTO as an international organisation, and the implementation of the WTO Agreements that it is overseeing. Should its power and the scope of the agreements be extended to include new areas? Or should it be limited to what currently existed and a period of review, repair and reform be initiated?

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Whither Cancun?

From P1 box - Cancun agenda

The Doha Ministerial set in motion a round of negotiations set to conclude in January 2005. Critical to the conclusion of this round are the negotiations on the issues of agriculture, TRIPS, and services set out in the Doha Mandate. The upcoming fifth ministerial meeting in Cancun, scheduled for September 10-14, 2003 will, in the words of WTO Director General Supachai Panichpakdi, 'set up conditions to enable negotiations of the Doha round to conclude successfully in 2004'. In addition to stocktaking, recommendations and guidance and decision-making on the outstanding issues of agricultural negotiations, services negotiations, implementation issues, the possibility of environment negotiation, clarification of dispute settlement mechanisms and technical assistance for developing countries, the Cancun Ministerial is also expected to decide whether to launch negotiations on agreements on investment, competition policy, transparency in government procurement and trade facilitation.

Currently in the WTO, in the run up to Cancun, the atmosphere is dominated by gamesmanship around positive and negative linkages. According to Shefali Sharma of the Institute for Agriculture and Trade Policy, Geneva, 'negative linkage' follows the pattern of 'if you do not give me what I want in Agriculture, I will not give you anything in Services and/or Non-Agriculture Market Access. If you do not give me Agriculture, I will not give you Government Procurement and Trade Facilitation.' On the other hand, 'positive linkage' refers to 'if you give me "less than full reciprocity" on Non-Agriculture Product Tariff reduction (according to the Doha Ministerial Declaration, developing countries are allowed to reduce less in tariffs and in less sectors), I will agree to negotiate trade facilitation that is not subject to Dispute Settlement of the WTO' (Geneva Update April 25, 2003. IATP). In his address to the OECD ministers, Supachai warned of the problem of negative linkages which he saw as a danger to forward momentum in the WTO. But any positive or negative linkage that results in modalities of agreement on agriculture that sets the stage for retaining the current imbalances in agricultural trade, pushes further services liberalisation in critical social services, and limits the ability of government to define and enforce provisions that bring cheap medicines to developing countries, will be bad for development. Likewise, if such linkages result in WTO rules on investment, government procurement, and competition policy, this will have tremendous implications for development and hence for the lives of women and men in developing countries. Hence, women have a great stake in the outcomes of these decisions.

Towards a Position on Issues in the Cancun Agenda Gender and the WTO Sectoral Agreements

Agreement on Agriculture (AOA):

The AOA has severely impacted women farmers in Asia and Africa. Women farmers who traditionally produce food and vegetables are unable to compete with inflows of cheap, heavily subsidised products from the North. A review of the AOA should seek to remedy and remove imbalances so as to benefit women and small farmers. Furthermore, the food security impact of implementing the AOA has not been widely recognised or adequately dealt with. It is therefore imperative that developed countries follow through on their commitments to liberalise agriculture. A review of AOA should put greater emphasis on eliminating export subsidies and export restraints by the EU and US. It should be gender sensitive and recognise and provide mechanisms to promote and ensure food security as an important non-trade concern.

General Agreement on Trade in Services (GATS):

Services include more than just information and communication sectors. It includes medical/health, education, human services and public services. GATS therefore has implications for health care/health standards, job security and conditions of work for a large number of people. Focus must be on the social equity and social justice dimensions of liberalisation of services under the WTO. Poor people's access to water, schooling and reasonable and affordable health care must be protected.

This is also an area with a very important gender dimension, as women workers tend to dominate in the public sector as well as in the middle to lower rungs of almost all service sectors. Many other areas of service in developing countries rely on women's labour. Before extending the GATS into energy, mail/courier services, maritime and air transportation and environmental services, gender sensitive impact assessments should be made in each area to ascertain the potential impact on community, development, cost and access to services for the poor and women workers in the service sector.

An area of services that has been grossly neglected is the issue of the movement of natural persons. Though developing countries have argued for symmetry between the movement of capital and labour through the inclusion of provisions on the movement of natural persons in the GATS, developed countries have not been willing to discuss this issue and it has so far remained on the back-burner. However, this is an issue of central importance to the lives of migrant women whose rights and working conditions need to be protected and ensured.

It is important that LDCs have the right to regulate services to meet national development policy objectives. LDCs should also guard against provisions that will retard or block their ability to expand into particular service areas in the future.

Trade Related Intellectual Property Rights (TRIPs):

Obviously, resolution of the TRIPs and public health debacle in favour of developing countries' interests is of central importance to the lives of women and men in developing countries. But that is only one subset of a wide number of IPR/TRIPs related issues that are central to long term sustainable and gender equality oriented development. Ideally, TRIPs does not belong in the WTO and should be taken out. There should be no patenting on life and extreme care and attention need to be paid to recognition of the traditional knowledge of women and men in agriculture, healing and the preservation of nature. Indigenous knowledge and cultural heritage have collectively evolved through generations and no single person can claim invention or discovery of medicinal plants, seeds or other living things. In this regard the Convention on Bio-Diversity should have precedence over TRIPs. Secondly, article 27.3 (b) of the TRIPs, which makes an artificial distinction between plants, animals and micro-organisms, and between essentially biological and microbiological processes, should be amended as per the recommendation of the Africa Group. Finally, the developing countries' call for operationalisation of mechanisms to promote technological innovation in the South and to accelerate the transfer of technology should also be given priority treatment in any negotiations.

Trade-Related Investment Measures (TRIMs):

Developing countries should be exempted from the prohibition on local content and foreign balancing requirements. As noted above, the objective of trade should be to promote development. This requires special governmental assistance to build the capacity of small and medium enterprises. Investment is an area that has important implications for women. In the first case, in many of the countries of the South, foreign direct investment is highly female intensive as it relies on the labour of women in export manufacturing and, in some places, in commercial agriculture.

Secondly, women entrepreneurs in the micro and small business sector may require special assistance from governments to produce goods and services or to protect markets for the goods that they produce. Thirdly, TRIMS, like all other WTO provisions, must be reviewed in the context of foreign exchange and foreign debt constraints on developing countries, particularly least developed countries. Lastly, there should be no attempt to expand the scope of TRIMS until the working group on investment has completed its work.

Government procurement:

As with investment, a multilateral agreement on government procurement in the WTO is inimical to development and dangerous to the social and economic advancement of women. In this context, there should not be any agreement to launch even a modified agreement on transparency in government procurement as this will open the door for a more comprehensive agreement in this area.

Particular attention should be paid to the possible negative impact of liberalisation of government purchases on small- to medium-sized businesses, especially those that are owned by women. Additional attention should be paid to the possible secondary and tertiary impacts of liberalisation of government procurement on the micro-enterprise sector, which is dominated by women in many LDCs.

DAWN has consistently maintained, in line with civil society discussions, and our own critical analysis that there should be:

1. No new round of multilateral trade negotiations.

A new round of multilateral trade negotiations is unnecessary, counterproductive and potentially destructive to development and gender equality concerns. There is already too much liberalisation and not enough attention has been paid to the negative impacts of implementation of past multilateral trade negotiations on developing countries. As noted above, the present WTO agreement contains provisions for review and continuous negotiations in certain areas (see the built in agenda in following pages). Thus there is no

need to rush into a new set of multi-lateral negotiations. Furthermore, according to the timetable of the WTOA, many developing countries have not yet implemented many of the agreements; nor have developed countries implemented many of their commitments under the existing multilateral framework. There are still numerous areas of ambiguity or lack of clarity in many provisions, for example the TRIPs and services that need to be carefully studied and remedied. These issues do not need a new round of agreement in order to be remedied.

There should be no new round of multilateral trade negotiations until a comprehensive review of the costs and benefits of implementing the WTO agreement on economic development, gender equality and the empowerment of women, and other social dimensions has been undertaken. Contrary to conventional wisdom, free trade is not free. The cost of unbridled trade expansion is in the increased burden on women's labour time in the formal, informal and social reproduction sectors of the economy. It is also manifest in a heavy toll from dis-investments in social services. Lastly, the additional budgeting cost of deploying teams of negotiators to deal with a) the continuous negotiations of the existing WTOA and b) a new round of negotiations, is an expense that no developing country can afford. It detracts from social development in developing countries.

2. No new agreement on investment.

There should be no expansion of the scope of the WTO in the area of investment. Current preoccupation with a multilateral investment agreement (the MIA), like its predecessor, the OECD's MAI, is intended to promote and ensure the rights of foreign investors by limiting the powers of governments to 'regulate the entry, establishment and operations of foreign companies'. Within the limited scope of the TRIMs, the ability of governments to regulate foreign investment and promote economic development is constrained. Prohibition of such traditional tools as domestic or local content requirements on labour and input into

the production process severely constrain governments' ability to promote development. The Working Group on Investment and Trade should be allowed to continue its work. The working group should also undertake a thorough gender-sensitive analysis of the nature of foreign investment, its effects on women workers and women entrepreneurs, and its ultimate impact on economic development.

A multilateral agreement on investment in the WTO is inimical to the interests of economic development. Any investment agreement that severely circumscribes the rights and obligations of governments to regulate the entry, exit and general business conduct of foreign multinationals; blocks governments from undertaking measures that assist in the promotion and expansion of women-owned and other small businesses through offset or set aside programs; restricts governments' attempts to engender the upgrading of the skills and the promotion of local workers employed by multi-national corporations (MNCs); and does not readily and easily enable governments to develop measures to promote the transfer of technology to national small/medium enterprises; simply consigns developing countries to remain as assembly outposts for MNCs and locks them into a cheap labour strategy that invariably disadvantages women.

3. Environment.

The WTO should not have the ability to affect or restrict its Members' ability to fulfil their commitments under the Multilateral Environment Agreement, such as the Convention on Biological Diversity. Secondly, developing countries should receive assistance with environmental regulations in order that they may fulfil their MEA commitments. Positive measures such as capacity building and financial and technical assistance would enhance the sustainable development of many developing countries. Thirdly, the North should initiate restraints on the dumping of pesticides etc. in the South. The Rio Conference and the

Cairo Conference both recognised and affirmed the critical role that women play in preserving the environment. This should be a focal element in any appraisal of the links between the environment, environmental regulations and trade. Technical assistance and financial commitments for improving environmental performance must start from and build on women's perspectives, analysis and traditional knowledge in conserving biodiversity.

With regard to the outstanding issue of the relation between trade and work and working conditions in the multilateral trading system, DAWN advocates that access to decent working conditions and a living wage should be the fundamental principle that underlies all

macroeconomic, labour market and trade policies. This must be contextualised in a gender sensitive framework which recognises and take action to deal with pervasive gendered differences as well as the specific constraints, challenges, and concerns that women workers face, including:

- 1) Inadequate provisions for well-recognised gender-related rights such as maternity and paternity leave, non-discrimination in the workplace, freedom from sexual harassment and sexual discrimination, and access to day care centres;
- 2) Very little recognition or attention paid to women-specific rights such as menstruation leave, breast-feeding time, negotiations on equal skill and knowledge for women and men workers, gender sensitivity awareness for men and women, women's leadership development, and family welfare, all of which have been identified by women workers as basic workers' rights; and
- 3) The rights of women who work in homes, small sweatshops or informal sectors.

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In order for such a process to evolve, the debate must be removed from narrow preoccupations with "market access" and "market contestability" to focus on the fundamental assertion of basic human rights and dignity.

From P2 - Free Trade or Fair Trade

Many voices joined this debate. Key proponents of the WTO are the so-called QUAD governments (the US, the EU, Japan and Canada) and the CAIRNS group of agricultural exporting nations, which sought to orchestrate a new round of multilateral trade negotiations. While the US and (more aggressively) the EU committed to incorporating new areas such as investment, competition and government procurement, the CAIRNS group sought a new round as a way to ensure desired agreements on agriculture liberalisation. For the EU a new comprehensive round of trade negotiations was critical for ensuring that it would have the necessary negotiating flexibility that would allow it to retain important features of its current agriculture policy. From its public pronouncements and documentation in the trade policy debate, it would also appear that the EU had a vision of a vastly expanded WTO that would give it leverage and act as a counterpoint to the US hegemony in global economic and political decision making.

The second group in this debate is the developing countries, some of which were in favour of the QUAD proposals, while others offered different degrees of resistance to specific proposals. The latter group, comprised of the members of the group of 77, wanted to see many

of the WTO agreements re-negotiated since, they argued, in the first instance the decision-making process which created these rules was stacked against them; and in the second instance, implementation of the agreements had not been very favourable to them thus far. They therefore argued for a process and a period of 'review, repair and reform' of some of the obvious deficiencies.

The most marginalised group in the governmental camps is that of the least developed countries that account for about 9% of the world's population. The LDCs formulated a negotiation strategy around sixty proposals that they hoped would guarantee them a seat at the decision-making table.

The business sector, as represented by international chambers of commerce, sectoral business and industry and organisations in agriculture, meat and manufacturing constitute a group of privileged insiders-outsiders. Though ostensibly the WTO

operations and decision-making are controlled by member countries, the reality is that the corporate sector of the QUAD countries have been intensely involved in the making of trade rules. This was dramatically demonstrated in the Uruguay Round negotiations, especially in the discussions on agriculture, investment and intellectual property rights. It is widely known that Monsanto claims

MYTH I: Trade liberalisation brings many benefits at very little or no cost.

Reality: Undeniably, trade liberalisation can bring benefits to a country and to some sectors of economic interests in that country. But it is also true that trade liberalisation may impose heavy burdens on women as workers in export processing zones or in commercial agriculture. Thus far trade liberalisation has tended to rely on female labour in these sectors. Increasingly research points to rampant exploitation and abuse of women and violations of their rights in terms of sexual harassment, infringement of their reproductive freedom, and unsafe and hazardous working conditions. Thus there is an impact on women's physical and psychological health. Furthermore, as earlier noted, reductions in tariff etc. may result in the reduction of social services, health clinics and rural infrastructure developments that will strongly affect women's unpaid labour.

The environment may also pay a heavy cost for trade liberalisation. Intensive commercial agriculture can cause rapid deterioration of the soil as well as have implications for biological diversity. This is being powerfully demonstrated in shrimp farming industries in many Asian countries.

UNCTAD's 1999 Trade and Development Report argues that rapid trade liberalisation has contributed to widening the trade deficit in developing countries. While it led to sharp increases in imports, exports failed to keep pace. For many LDCs the average trade deficit in the 1990s is higher than in the 1970s by 3%, while growth rate is lower by 2%.

Recently the World Bank has argued that it would require about one year's development budget in order for the poorest countries to implement the WTO agreements. This is partly due to the need to create national institutions and to institute compulsory legislation for the enforcement of some of the WTO Agreement provisions.

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paternity of the Trade Related Intellectual Property Rights (TRIPS). Strong evidence of the inroads and influence of the corporate sectors in development and articulation of QUAD governments' positions appeared in the extreme similarity (including phraseology) between the position papers of business and industry (many of which were circulated long before country positions were formulated and publicly presented) and governments' positions for Seattle.

On the outside of this internal debate were NGOs representing civil society. The NGOs, as a group, are opposed to expansion of WTO into new areas and say no to a new round of multilateral trade negotiations. Instead they would like to see the WTO agreements reviewed, repaired and reformed. But they also have conflicts of interests. Some Northern NGOs, along with trade unions, would like to see critical issues such as labour standards and environment integrated under the auspices of the WTO, while at the same time they express concern about expanding the scope and role of the WTO. As a result, there are disagreements on the specific mechanisms of enforcement and accountability for these areas. The WTO Dispute Settlement Mechanism, a strengthened ILO, or joint ILO-WTO watchdog and enforcement mechanism, are among the options.

Southern NGOs, as a group, are the strongest advocates for reviewing, repairing and reforming the WTO agreements. Hence they rejected any attempt to institute a new round of multilateral trade negotiations. However, there are differences of opinions among Southern NGOs as to the benefits of WTO. Peasant groups, farmers associations, and many grassroots movements are clearly anti-WTO. This is because they have experienced the most negative impacts. Provisions such as TRIPS and the Agreement on Agriculture (AOA) have profound implications for their livelihood opportunities. On the other hand, trade unions and many workers organisations would like to see the issue of the exploitation and abuse of workers integrated into the multi-lateral trade system because of its alleged effective enforcement mechanisms. For these groups a new negotiating round presents the opportunity for building enforceable labour standards into trade policy.

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MYTH II: Trade rules are non-political and impartial. They are erected in the best interests of, and on a mutually advantageous basis for, all members.

Reality: From the vantage point of poor women trade rules and policies are not impartial and non political. On the contrary, they are quite partial and highly political. Trade rules are generally made in secretive negotiations and focus on the interests and concerns of exporters and large businesses in the national economy and multi-national corporations in the international economy. Most often the concerns, interests and rights of women workers and women business owners are ignored or treated last. And in almost all cases women's labour is what is offered up in trade negotiations.

The primary beneficiaries of trade liberalisation rules are the multinational corporations who are based in the QUAD countries. (See for example the agreement on agriculture that is biased towards developed countries and the MNC agro-business and unfair to LDCs). There is a very strong and pervasive corporate imperative behind trade liberalisation rules. Trade rules seem to be promoting and supporting the aggressive expansion of multinational ownership and control globally. This is quite evident with regards to the TRIPs agreement, some aspects of the Agreement on Agriculture, the TREMs (Trade Related Environmental Measures) and the TRIMs. Examination of the gender implications of trade will tend to confirm this pattern also.

Increasingly as can be seen in the investment and competition policy debate, trade rules are being utilised to promote and ensure ease of entry and exit by transnational corporations. However, ease of exit as an end in itself without considerations for its impact on economic and social development is not in the interests of men and women in developing countries.

Trade rules are subject to interpretation and implementation that creates imbalance and systemic bias against developing countries; very often there are asymmetries in their application. For example, tariffs maybe decreased, but this is accompanied by increased resort to non-tariff barriers such as sanitary and phyto-sanitary standards (SPS) and technical barriers to trade (TBT) as protectionist tools by developed countries. An example of this includes the frequent application of SPS on imported fish from Bangladesh, Mozambique, Tanzania and Uganda. Developed countries use technical loopholes to avoid fulfilling their obligations to open up markets to developing countries. There is also structural asymmetry in the agreements that favours developed countries. An example of this is the fact that 'non actionable subsidies' refer more to export practices of developed countries, whereas 'actionable' subsidies tend to apply more to practices used by developing countries for development of industries and exports. Furthermore, the ability of developing countries to initiate anti-dumping measures is limited compared to developed countries.

Gender and trade advocates and women's NGOs form another distinct strand of civil society activism on trade issues and the WTO. These activists argue that the WTO, like all other international organisations, should adhere to the Beijing Declaration and ensure that its trade rules and policies foster the successful implementation of the Beijing Platform of Action, the global commitments for gender equality and the economic empowerment of women. Women's NGOs therefore advocate the incorporation of a gender perspective, gender analysis, and the collection and utilisation of gender disaggregated data in WTO trade policy review, analysis and decision making.

Proponents of an all powerful, all encompassing WTO like to argue that the debate is about 'rules versus no rules' and that multilateral negotiations are the best way to ensure balanced results.

However, the debate is less about rules and more about attempts by the powerful to control and direct resources and capture markets for greater accumulation and profitability. The 'rules' therefore become constraints on people's ability to determine how they will live, what kind of work they will undertake and for/with whom they will work.

From the vantage point of Southern women the issue is not whether there is need for a rule-based Multilateral Trade System, rather the critical questions are: What are these rules? What are they for? Who is setting them? Who stands to gain or lose from them? And what will any such

system of rules mean for women's subordination and the struggle for gender equality and gender justice in the short and longer terms? There is therefore an urgent need to demystify trade liberalisation and it is imperative that the multilateral trading systems be demystified. This includes interrogating the relationship between

trade liberalisation, growth, development and governance. Thus the critical questions about the impact of the multilateral trade system on women's economic empowerment and the social and economic rights of poor men and women, especially in the South are: What is trade? What is trade liberalisation? How are they linked to development and the underlying and ongoing processes of globalisation? How does the Uruguay Round (WTO) agreement fit into all these? What is it and how has it impacted on the development processes? How does the WTO as a global institution for trade liberalisation interface with other global

mechanisms of governance, or does it? What were the implications of Seattle for development, governance, the economic and social rights of poor men and women, and women's economic empowerment?

What is international trade?

International trade refers to the exchange of goods and services (and now knowledge) between countries. This raises questions, however, about who produces these goods and services, who owns and controls the production process and who or what determines the benefit of the goods and services produced. In the first case,

MYTH III: *The WTO is purely about trade.*

Reality: *The Marrakech Declaration pledges the WTO to achieve greater coherence in global economic policy making. It also recognised that coherence between the structural, macroeconomic, trade, financial and development aspects of economic policy making increases the effectiveness of these policies. As with structural adjustment programs, the centre piece of which was trade liberalisation, economic policy and the ensuing economic restructuring that it engenders is focused on generating greater profits for the business sector. In order to do this there is a fundamental dependency on increasing women's labour and in shifting the welfare function of the state to the household sector. Thus coherence between trade, macroeconomic and development policies in this context may in fact be detrimental to both the practical and strategic gender needs of women.*

According to the EU, "The (Marrakech) Declaration is based on mutual supportiveness between trade liberalisation, greater exchange rate stability, and macroeconomic policy reform..." (WT/GC/W/297; 5 August 1999. EC Approach to Capacity Building and Coherence in Global Economic Policy-Making.) The WTO does not simply exist to promote trade liberalisation, that is to say, supervise adherence to transparent and predictable trade rules. It is the forum through which the US and EU governments single-mindedly push through their corporatist imperative to promote and extend market ideology and processes. Its trade rules tend to grant US and EU greater control over Southern economies.

the goods and services are produced by men and women, and in some cases children, working under varying conditions of production which are linked to their social and economic status. The production is also inextricably linked to the intricate and complex relationship between the formal market economy, the informal economy and the household or reproductive economy. The fundamental role that the household sector plays in supporting national production and social development has been made invisible, hence the needs and requirements of this sector are not taken into account in economic decision-making with the result that the double, or even triple, contribution of women's labour goes unrecognised.

In addition to the conditions of production and the ownership and resource constraints that determine which goods are produced and sold, there are the problems of the structural linkages between different sectors of the economy and who controls the commanding heights of the economy. Is it primarily foreign owned and directed or locally influenced?

Finally, the issue of distribution at the national level is of central importance since the competitive conditions of marketing goods and services internationally significantly determine the prices of the goods and hence the international distribution of the gains from trade. In a perfect

world the international market is open, competitive and all players are held to be price takers with no single actor able to establish undue influence over prices. The reality is, however, that international markets are neither frictionless nor truly competitive. There are vast differences in

endowments, capital and technology, policies and markets of the participating national economies. Some countries find that the exchange value of their products are often de-linked from local conditions of production in an international market that is controlled by large players or TNCs, who can determine prices and influence market conditions. In addition, rich governments can, through the use of subsidies, influence both the supply and the world market price of the product. A good example of this today is the market for agricultural products in which both the US and EU heavily subsidise their farmers, resulting in distortions in the world market for agriculture.

Thus all countries do not benefit equally from trade.

Employment problems, balance of payment problems, and external debt may arise from imbalances in the returns from trade.

So over time countries, when they could, evolved elaborate mechanisms to skew the gains in their favour. These mechanisms come under the guise of trade policy.

MYTH IV: *The WTO is a democratic organisation in which all countries participate in making the rules that are enforced.*

Reality: *WTO decision-making follows the GATT practice of negotiation and consensus; voting can be used when a consensus decision cannot be reached. Voting is based upon unweighted majority voting.*

While 80% of members are developing countries, the QUAD exercise great control over the decision-making process in the WTO. This is secured through the pervasive practise of sequestered and exclusive negotiations in 'green rooms' or plurilateral negotiations that deliberately exclude the vast majority of WTO members. Decisions made in this undemocratic process are then transformed into a consensus through a rushed process of arm-twisting and subtle intimidation.

While the developing countries comprise the majority of WTO Members, their nationals are a small fraction of WTO Secretariat. The Secretariat plays an important role in formulating negotiating strategies, developing position papers, presenting of data and information and in making recommendations on particular issues such as, for example, the on-going review process. The Secretariat is primarily staffed (in key positions) by nationals from QUAD and other developed countries. Women are under-represented in the Secretariat especially at the decision-making levels.

The Secretariat is also not known to be gender sensitive nor affected in the least by the commitment to gender mainstreaming which is an on-going process in agencies such as UNDP, UNCTAD, and the World Bank.

In general many developing countries lack specialist negotiators and qualified civil servants, so cannot exercise their potential in the decision making process.

What is trade liberalisation?

Trade policy is initiated by governments in order to influence the pattern, direction and profitability of trade. Trade policy is therefore not an economically, politically or socially neutral process both within and between countries. What is good for one sector of the economy or one country may work to the disadvantage of another sector of the economy or another country. As a result, countries have historically tended to waver between two different ideological approaches to trade management: protection and free trade (or more accurately, less protective trade).

Since the 1940's there has been a tendency at the multilateral level to promote fewer and fewer restrictions on the cross-border flow of goods and greater market access internationally. This has been identified with the posture of trade liberalisation that is grounded in the ideology of free trade. Ideologues of free trade credit trade liberalisation primarily with the expansion of trade in the past fifty years. Critics point out that despite the rosy numbers not all countries have benefited from trade liberalisation. As evidence to this they point to continued and persistent poverty, indebtedness and underdevelopment of the countries of the South, notwithstanding the success of some Asian countries. Others point to degradation of the natural and social infrastructure and inequality between countries and peoples that have participated in the system. Still others insist that liberalised trade has only benefited the rich, powerful and corrupt, while bringing new forms of

vulnerability to the poor. In spite of these arguments, proponents of free trade have argued that what is needed is more or freer trade and better rules.

Conventional wisdom would argue that while trade liberalisation is bound to create some fall-out in the short run, the long run benefits of increased growth and prosperity will more than compensate for any negative effects. Past experience, however, would suggest proceeding with a great deal of caution in this regard. The nature and practice of trade liberalisation show that there is no inherent tendency for it to improve working conditions and wages or preserve the environment. This is especially so since the maximisation of profit, which is the motivating force behind trade liberalisation, is engineering the breakdown of the social contract and tearing apart the social safety net (where it exists) that

protects families from poverty, and operates to preclude its establishment in other parts of the world.

Trade liberalisation is then not simply about the elimination of tariffs and quotas but involves a whole set of apparatuses that revolves around maintaining a competitive market structure, such as making labour and financial markets more flexible, eliminating barriers to foreign capital and relaxing government control of the market. As such, trade liberalisation involves the use of both trade policies and trade-related policies. Trade liberalisation agreements such as the North American Free Trade Agreement (NAFTA), and the WTO agreements are designed

MYTH V: *WTO agreements have led to a widespread tariff reduction; tariff reduction leads to trade creation.*

Reality: *Tariffs have been cut from 40% to 6% on industrial goods (including manufactured goods, tropical goods and natural resource based goods; (Safadi and Laird 1996.)*

At the same time that tariffs are being reduced there is an intensification of tariffification (conversion of non-tariff barriers into tariff-equivalent). Tariffification has resulted in the application of prohibitive tariffs of 200-500%. Tariff peaks and tariff escalations are still pervasive in developed countries' trade policies.

Developed countries tend to focus on cutting tariffs in less sensitive areas and protecting some products (with smaller tariff cuts). Less protected goods received relatively larger cuts. For example, tariff cuts are below average in developed countries for textiles and clothing, transport, leather, rubber footwear, travel goods and fish. These are general areas of LDCs exports.

Many developing countries do not seem to engage in the practice of focusing on non-sensitive product tariff cuts (Ljungkvist, 1998).

Tariff peaks and tariff escalation (increasing tariff with the stages of processing) has been reduced but it still exists. This directly affects (limits) LDC exports and affects their ability to increase domestic production.

Developing countries, in particular LDCs, have not experienced significant changes in exports. In fact developing countries' share of world export markets has remained static since 1990, while that of LDCs has dropped.

to institutionalise the re-organisation and re-alignment of the industrial base of the world economy by reshaping and re-defining power relations within and among governments and between capital and labour. Due to the overwhelming focus given to increasing the productive capacities of the trade sectors above all other considerations, these arrangements (by their very nature) tend to enforce a systemic bias against policies and programmes that promote human and social development. Collectively, they promote a downward harmonisation of wages, health, safety and living standards.

Given that the present round of trade liberalisation is being spearheaded by corporations in the absence of international mechanisms of accountability and transparency, coupled with increasing limits imposed on national governmental authority and the blatant exclusion of civil society groups from the WTO, there is an urgent need to proceed with caution and wisdom.

MYTH VI: *Increased transparency and stability (primarily through tariff binding) of the tariff system will benefit LDCs and improve their market access.*

Reality: *Increased transparency has not necessarily improved market access for LDCs. Especially since tariffs etc. tend to be replaced by non tariff barriers (e.g. health and safety standards, voluntary export restraints, anti-dumping and safeguards). Furthermore, there has been slow implementation of the agreement to phase out the Multi-Fibre Agreement (MFA). As a result, textiles have not been integrated into the WTO discipline. Only 7% of items restricted under the MFA have been integrated at the beginning of the second stage of implementation (1998) (See also points in Myth III)*

How are trade and trade liberalisation linked to gender and development?

Current emphasis on untempered trade liberalisation seems to assume that the question of economic development has been solved, or at least resolved. From this perspective, a key policy objective is the fine-tuning of all macroeconomic and social policies in order to promote increased trade. In fact trade would seem to have become an end in itself; and for many countries this may well be the case, but not for the majority of the more than one hundred member countries of the WTO and those least developed countries (LDCs) awaiting accession to that institution. For these countries trade should remain a tool for

development. Hence development priorities and needs of the economy should be fundamental to trade policy analysis, research and decision-making. Critically important to this are the basic issues of food security, rural development, social and transportation infrastructure, job creation and environmental protection and the development of sustainable livelihoods in agriculture.

Developing countries, particularly LDCs, find themselves after many years of involvement with the world trade systems primarily the exporters of raw material and primary commodities, still suffering from unstable or declining prices and unfavourable terms of trade for their goods. This has, in part, contributed to an external debt crisis, which has left their economies extremely fragile and dependent, with serious retrogression in human and social development as well as severely impaired physical infrastructure. They have also been subjected to IMF and WB structural adjustment programmes.

Structural Adjustment Programmes (SAPs) were designed to wholly re-orient developing countries to the global market and pave the way to global trade liberalisation. Thus many developing countries' exposure to the process of trade liberalisation predates the existence of the WTO. This has led not only to a haemorrhage of funds to the North in the form of debt services and repatriated earnings on capital. It has also perpetuated chronic balance of payments crises.

The capacity of developing countries, in particular LDCs, to further implement another complex array of trade liberalisation rules has been severely stretched and is non-existent in many cases.

Coupled with this is a serious blind spot in the development policies and programmes of many African, Asian, Latin American, Caribbean and Pacific countries. This gender blindness has prevented policy makers from developing gender-sensitive policies in agriculture, rural development and food security that would have useful multiplier effects and foster sustainable growth and development. Development policy-makers either treat women as passive members of households headed by men to whom growth and development benefits are assumed to trickle down; or exploit women's labour as foreign exchange earners either

in export processing zones or in sex tourism. This gender blindness

has carried over into trade policies and practices to the serious detriment of women and the economy. Trade policy makers assume that there are no differential impacts of trade policy on men and women. Increasingly, however, this is being shown not to be the case.

Research shows that trade policy impacts on women's social and economic status in at least four important ways.

- § Policy makers often overlook the impact of trade liberalisation on women's unwaged work in the household and community. Trade liberalisation that affects women's employment status and the cost and availability of certain food items or causes reductions in social services, may increase women's unpaid work.
- § Trade liberalisation has tended to increase the employment of women in the industrial sector and in commercial agriculture under conditions of work and on pay that are not always very good and often entail violations of women's rights.
- § In some cases trade liberalisation may have adverse impacts on women's employment or livelihood opportunities. This has been the case when liberalisation opens the way for cheap (subsidised) foreign goods to enter the local markets, dislocating women farmers and micro entrepreneurs.
- § When governments experience reduced revenue due to reductions in tariffs, this often translates into cuts in social expenditure. Most of the programmes that are cut or eliminated are those that benefit women and girls.

Research also shows that when policymakers are not cognisant of existing gender biases and inequalities and the role they play in affecting women's access to resources and credit, trade liberalisation policies may have counterproductive outcomes. It has been demonstrated that institutional biases that affect

MYTH VII: Trade liberalisation will result in increased growth.

Reality: There is no automatic correlation between trade liberalisation and growth. Countries that rapidly liberalised their imports did not necessarily grow faster than those that liberalised more gradually.

women's access to credit and training create bottlenecks and inefficiencies in production of food and may also lead to unsuccessful export promotion schemes.

Over the past twenty years the world, it would seem, has made dramatic steps in coming to terms with the importance of the objectives of gender equality and poverty eradication. Numerous international agreements for promoting the economic and social advancement of women have been forged through conferences such as the United Nations Conference on Environment and Development (Rio) the International Conference on Population and Development (Cairo), the World Summit for Social Development (Copenhagen) and the Fourth World Conference on Women (Beijing). However, trade liberalisation may impose significant constraints on governments' capabilities and curb their willingness to continue to implement gender equality and gender empowerment programmes.

To next page

MYTH VIII: The WTO has led to the progressive liberalisation of agriculture that has benefit all Members.

Reality: LDCs' exports are still subject to high tariffs, tariff peaks and tariff escalation due to slow implementation by developed countries of the AOA.

There has been some reduction in the level of subsidies, but mainly there have been protections on the basis of special safeguards, blue boxes and green boxes. WTO members are prevented from using trade measures against other WTO members, for example anti-dumping measures, as long as they keep to the rules of AOA, so the EU and US can continue to use export subsidies. Developing countries cannot protect themselves against subsidised products with WTO measures

Agricultural liberalisation has had a severely negative impact on the sustainable livelihoods of many women farmers in many parts of Africa and Asia. Subsidised cheap imports of vegetables such as tomatoes, garlic etc. from developed countries have greatly eroded the market for those crops that were dominated by women producers. In addition, commercialisation of agriculture has, in places such as Uganda, led to loss of livelihoods for women as men are increasingly dominating the now profitable coffee production. Likewise, cash crop production is being substituted for food production with implications for food security and women's internal market.

Trade liberalisation may even encourage and produce increased exploitation and abuse of women.

This is because in an era of trade liberalisation and globalisation, governments compete to attract and hold hyper-mobile capital. This means eliminating whatever TNC's identify as constraints on their ability to maximise profits: labour rights, gender equity, social policies and environmental laws. The first on the chopping block are often those that are important for the economic and social advancement of women.

While globalisation can be said to be driven by the autonomous processes of technological advancement and profit accumulation, it is clear that it is been



facilitated by the creation and enforcement of rules that permit the free flow of capital, but which block the movement of labour.

Over-reliance on free trade within the context of globalisation countenances a reliance on more than just the removal of barriers to trade. It signifies a departure from

certain fundamentals, such as the right of citizens to secure well-paid employment and income that enables the sustainability of their families. It also implies a complete

The problem is not trade itself, the question is: what are the terms of trade? On whose terms are the gates of the market opened? Who gains, who loses in the domestic and the international economies? And who will shoulder the brunt of the adjustment costs?

reconstruction of the societal framework — from government by the people and of the people to governance by the corporate sector. Increasingly, it is the international capital and money markets that determine who controls the commanding heights of the economy, whether or not we can afford social programmes, and whether or not we can have clean air.

Despite the rhetoric of free trade, all are not on equal ground and all of society does not benefit equally from the largesse of open international markets. The problem is not trade itself, the question is: what are the terms of trade? On whose terms are the gates of the market opened? Who gains, who loses in the domestic and the international economies? And who will shoulder the brunt of the adjustment costs?

The answers to these questions lie in the historical, social and economic processes designed to affect the distribution of gains from trade and the allocation of global and national resources. Like all social and economic policies, participation and access to trade policy decision making at the national level is mediated by gender, race and class hierarchies. Trade policy making at the international level is subject to the power dynamics between Northern and Southern governments within, at first, the GATT system and now the WTO system. 🌻

From the debacle of SEATTLE to the DOHA Development Agenda

A trail of broken promises, lopsided implementation and asymmetries in negotiating context and outcomes

Since the first Ministerial Meeting of the WTO, the Singapore Ministerial 1996, the WTO has been embarking on an ever-expanding and rapid trade liberalisation agenda with no breaks for assessment of the impact of the implementation of the various agreements on developing countries' economies. In the relentless breakneck speed to deepen the process of liberalisation, the Quad Member governments of the WTO, who are the prime movers,¹ have not been willing to take any significant actions on the over 100 implementations problems that developing countries Members have identified as arising from the Uruguay Round agreement. Likewise, there has been no significant attention paid to civil society—farmers' groups, women's groups and environmental groups, and trade unions—concerns about the social impact of trade liberalisation in terms of its impact on poverty, inequality and working conditions. Despite a brief derailment in Seattle, the free trade locomotive seemed to be barrelling on full speed ahead and is now poised to take on board negotiations on issues such as a comprehensive agreement on investment, competition policy, (transparency in) government procurement and trade facilitations. Yet it was just such an ambitious quest that led to widespread anti-trade liberalisation/globalisation protests by civil society and the persistent and effective resistance by WTO developing countries which ultimately led to the collapse of the Seattle ministerial (1999).

Immediately after Seattle there was a lot of hand wringing and *mea culpa* about transparency, participation and governance in the WTO. "The process, including even at Singapore as recently as three years ago, was a rather exclusionary one. All meetings were held between 20 and 30 key countries... And that meant that 100 countries, 100, were never in the room. (T)his led to an extraordinarily bad feeling that they were left out of our process and that the results even at Singapore had been

dictated to them by the 25 or 30 privileged countries who were in the room." Charlene Barshefsky (the then US Special Trade Representative, in a press briefing immediately after the break-down of the Seattle meeting.) Similar-type confessions were voiced elsewhere by key figures such as Pascal Lamy, with promises of making things better for developing countries.

But things only returned to business as usual in Geneva, such that by the time of the fourth Ministerial (Doha 2001), the work programme of the WTO and the issues of discord of Seattle had not advanced sufficiently in the interests of development. The trade policy decision-makers were still grappling with the issues arising from the work programme developed at the Singapore and Geneva Ministerial meetings as well as leftover issues from Marrakech. Primary among these are negotiations on the general agreement on trade in services (GATS 2000), and review of some articles of the existing agreements on intellectual property rights and treatment of foreign investors. The latter items constitute the so-called built-in agenda and by themselves have led to controversy about the scope of reviews and the interpretation of clauses in some of the provisions. Many developing countries and some developed country governments have expressed a great deal of concern about the interpretation and scope of the reviews as prescribed in the relevant clauses of some articles. Furthermore, many NGOs would like to see the scope of the review processes broadened from the current narrow technical and legalistic emphasis to include assessments of the social, environmental and gender dimensions of the implementation of the Uruguay Round Agreements. Many NGOs have also presented substantial textual modifications to contribute to improving the effectiveness and balance of specific clauses.

In the context of the politically-charged air of the immediate post 9/11 era, developing

countries were convinced that a successful outcome of the fourth Ministerial conference of the WTO (Doha 2001) was critical for promoting world economic growth. The question of what the success of Doha meant and whose interests were to be sacrificed for this 'success' was not fully discussed. Ultimately at Doha, developing countries agreed to launch discussion on the modalities of the new issues of investment, competition policy, government procurement and trade facilitation. This decision seemed to have been based on a number of factors, including 1) the mistaken belief that Doha could not be allowed to fail because of its importance to the world economic recovery, 2) the developing country host, the Qatari government, could not be embarrassed by failure, 3) the subsequent rhetorical shift from a 'millennium round' to a 'development round'—the so-called development agenda (DDA), and 4) the Declaration on Public Health and TRIPS.

However, since the Doha declaration, there has been no significant forward momentum on the development agenda. In fact, almost immediately the US began to back-peddle on the Doha mandate to liberate public health considerations from the binding constraints of TRIPs. The Doha Declaration on TRIPs and Public Health affirmed that the "TRIPs agreement does not and should not prevent governments from taking measures to protect public health." It also re-affirmed the rights of governments to authorise the use of patent without the consent of the patent holder (compulsory licensing) and determine the grounds on which such licenses are granted. But Doha left open the question of how nations that do not have the production capacity to produce pharmaceuticals can exploit their rights to issue compulsory licenses. However, since Doha, the US has been seeking to implement a very narrow and extremely restrictive interpretation of the Doha Declaration which would narrow the scope of the coverage of diseases, limit the number of countries that could qualify and impose only a temporary (as opposed to the permanent solution in the Declaration) to

the case where governments can grant compulsory licenses. Developing countries oppose any watering down of the Declaration. Thus the public health and TRIPs solution of Doha is at a stalemate.

At the same time the other issues of interest to developing countries are stalled in the various negotiations and discussion fora. In the area of agriculture, the Quad are still attempting to maintain the current architecture of the agreement on agriculture which for many developing countries is riddled with imbalances and inequities. In February 2003, Chairman Harbinson of the agriculture negotiating committee presented a modalities blueprint for the negotiations on reforming the AOA. But since this blue print did not address (including many other important issues) food security, protection of small farmers and dumping, it was rejected by many developing countries. Since then there has been no forward momentum on this issue.

Currently, given the high number of missed deadlines set by the Doha mandate, the WTO appears to be in gridlock on the key issues critical to developing countries: 1) implementation, 2) special and differential treatment, 3) lack of resolution of the TRIPs and Public Health, and 4) the lack of completion of the set of negotiating principles for agriculture.

However the Quad governments, especially the EU, have been relentless in their promotion



of the Singapore issues. This has been particularly true with regard to the push for a multilateral investment agreement, now touted as the 'investment for development framework'.

Undoubtedly, the missed deadlines and seemingly unswerving commitment of the Quad governments to ensuring the conditions for taking positive decisions on the Singapore quadruplet will create a greater and greater push for a 'pressure cooker' environment that will ultimately put the developing countries against the wall at the upcoming fifth Ministerial. These were the power politics used pre- and at Doha. In the backdrop of the war against Iraq and the serious fracture in international relations generated by US unilateralism, success at Cancun, like with 9/11 and Doha, is being promoted as the antidote and cure-all for fixing the problems in international cooperation. WTO Director General Supachai Panichpakdi, in a recent address to an OECD ministerial meeting, argued that success at Cancun would be 'a powerful signal of international cooperation' while failure of Cancun would 'weaken a vital piece of the architecture of (international) cooperation'. 🌅

"It (the WTO) works by a consensus arrangement which, to tell the truth, is managed by four - the Quad... These countries have to agree if any major steps are going to be made, that is true. But no votes." Fred Bergsten.

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EXPANDED TRADE GLOSSARY Prepared by Mariama Williams for DAWN

AOA: Agreement on Agriculture—applies to all agricultural products as well as certain non-edible animal and agricultural products such as furs, skins, flax and hemp. Excludes: Fish and fish products (Covered in GATT 1994 and other WTO agreements). Covers all product of the Harmonised System of Classification. To be phased in over six years from 1995. Addresses three main issues or areas of disciplines (market access, domestic support and export subsidies (see below for definitions.).

Amber Box measures: Exemptions to the discipline on agriculture. These are domestic support payments directly linked to agricultural prices or quantities such as market price supports, input subsidies and direct per unit payments. These types of support are generally seen as the most trade distorting and are subject to Uruguay round reduction commitments: developed countries 20% over six years and developing countries 13.3% over ten years. There are no reduction commitments for LDCs.

Blue Box measures: Exemptions to the discipline on agriculture. These are a category of domestic support measures that allow countries unlimited spending for direct payments to farmers, if payments are linked to production-limiting programmes with fixed baseline levels. Under these the EU and US were allowed to reduce the commitments to liberalise agriculture. Specifically, blue box measures exclude direct support measures to farmers in article 6.5 of AOA from reduction. (This was negotiated under the so-called Blair House Agreement between the US and the EC.) Note: In its new farm bill the US has replaced blue boxes with green box measures but the EU still holds to them.

CAIRNS Group: the 15-country group of agriculture exporting nations. The group, which was created in 1986 in the framework of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), is comprised of Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay. The CAIRNS group, which accounts for 25 percent of global farm output, seeks the 'elimination of agricultural export subsidies and assistance for farm production on the multilateral agenda.

Dumping/anti-dumping: Export price is less than its normal value: that is to say, a firm sells a product abroad for less than its production cost or the price it charges in its local (home) market. Anti dumping penalties (usually taken by the country which is the object of this practice) are assessed on the dump margin (= normal value - export price).

Export Subsidy: cash, grants or tax breaks etc. paid or granted to a producer or exporter contingent on the export of that product. Various types including: direct export subsidies, internal transport subsidies granted to export shipments, marketing subsidies, below market price disposal programmes and producer financed export subsidies.

GATS: The General Agreement on Trade in Services (note: it is outside GATT 1994 but an integral part of the WTO Agreement). For example accounting, engineering, financial, maritime, telecommunications, tourism, transportation, law, and public services.

Green box: 'Non actionable' subsidies under the AOA—subsidies not subject to ceilings or reduction commitments. It is generally argued that these measures have no, or at most minimal, trade and production distorting effects. However, the CAIRNS group of countries argues that these measures are also causing or have the potential to cause distortion.

Group of 77: more than 132 developing countries

Horizontal issues: anti-dumping measures, customs valuation, import licences, rule of origin, safeguards and subsidies.

IPR: Intellectual Property Rights (copyrights, patents, trademarks etc.)

LDCs: Least Developing Countries: A total of 48 of the poorest countries. Presently 29 are members of the WTO and 9 are observers. Cambodia, Lao People's Republic, Nepal, Sudan, Samoa and Vanuatu are in the process of accession.

MEA: Multilateral Environmental Agreement

MFA (Multi-Fibre Agreement): A special arrangement that allowed developed countries to control the importation of textiles.

NAFTA: North American Free Trade Agreement (between the US, Canada and Mexico)

NICs (Newly Industrialising Countries): usually refers to Hong Kong, South Korea, Singapore and Taiwan but may also be expanded to include Malaysia, Thailand, Brazil, Mexico and Argentina.

NTBs (non-tariff barriers): measures other than tariffs that are used by governments to restrict imported goods. For example, labelling and package requirements, import quotas, subsidies and domestic content requirements. Non-tariff measures, like quantitative restrictions, variable import levies, minimum import prices, discretionary import licensing, state trading, voluntary export restraints and similar other border measures. Why are tariffs preferred over NTBs? Tariffs are said to be:

- 1) more transparent;
- 2) less market distorting;
- 3) easier to negotiate for the reduction or elimination of a tariff than NTBs.

OECD: Organisation for Economic Cooperation and Development.

Peace Clause: Also “due restraint”. Article 13AOA. Relates to green boxes. Prevents putting countervailing measures on a member because of agricultural subsidies which are exempted from action under the subsidy agreement GATT 1994. PCs prevent WTO members from using trade measures such as anti-dumping measures against other WTO members, as long as they keep to the rules of AOA. Implication: The EU and US can continue to use export subsidies. Developing countries cannot protect themselves against subsidised products with WTO measures.

QUAD: Quadrilaterals: the United States, the European Union, Japan and Canada.

QUINT: the United States, the European Union, Japan, Canada and Australia

Safeguards: an exception to the general rule of not exceeding the bound duty rate and not applying quantitative restrictions on imports. Permitted temporarily in case of injury to the domestic industry; allows the industry time to adjust itself.

Two preconditions for safeguards:

1. An increase in imports (actual absolute over past imports or increase relative to the domestic production).
2. The increased imports should be causing serious injury to the domestic industry or threatening to cause injury to domestic production.

If these exist a Member can take import-restraint measures (a tariff type or import surcharge, levy, increase tariff etc). or quantitative restrictions on the import. Note: Safeguards apply only on bound items.

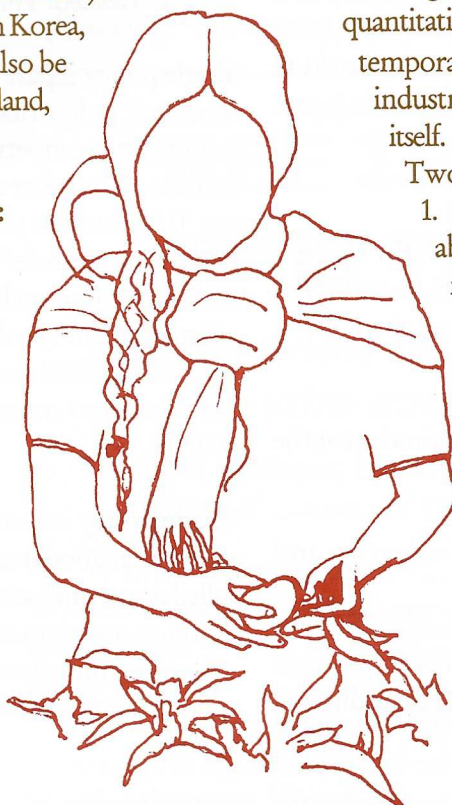
Authority or discipline on safeguard measures: Article XIX

of GATT 1994 and the Agreement on Safeguards of the WTOA. Two kinds: Special safeguards under AOA and safeguard action under GAT Article XIX

SPS/SPSM (Sanitary and Phyto-Sanitary Standards/Measures): Technical standards adopted to protect human health, animal or plant life. Key aspects: how and where food maybe produced; what can be added to it; how plants and animals are to be cared for; and identical requirements for all imported food.

Subsidy: grants, low interest loans and other forms of assistance that governments provide to industry.

Non-actionable (permissible subsidies); usually those applied across the board to all industries; assistance for research or contracted to higher education or research establishment; assistance to disadvantaged regions in a country as part of a regional development framework; assistance for environmental adaptation



of existing facilities to new environmental requirements. Please note that specific conditions, limitations and restrictions apply to all these areas

Actionable or prohibited subsidies. Subsidies contingent on export performance. Currently does not apply to LDCs and to some developing countries with GNP less \$1000 or export share of the product up to 3.25% of the world export for two consecutive years. **Note:** According to the OECD, the European Union (EU) agricultural subsidies in 1998 amounted to \$142 billion, \$100 billion in the US and \$55 billion in Japan.

TBT (Agreement on Technical Barriers to Trade): Permits the formulation and implementation of regulations to protect the health of human beings, animals and plants (See also SPS). Should be based on scientific evidence and information.

Tariff: customs duty on an imported product at the time of import. Reasons:

- 1) revenue;
- 2) protection of local industry and convenience of collection;
- 3) (differential) tariff to ease limited FEX or to rationalise use of limited FEX. For example, high tariffs on luxury goods and low tariff on industrial raw material etc.

Tariff binding: an obligation not to raise the tariffs on the products beyond the 'bound' level applicable to them. Bound levels are recorded in Members schedules.

Tariff escalation: higher tariff on processed products and lower tariffs on raw materials or on intermediate products in a product chain.

Tariff equivalent: refers to the conversion of an NTB into a tariff (tax or duty) which gives the equivalent protection sought under the NTB.

Tariffication: Removal of non-tariff measures and replacement by their tariff equivalents. These additional tariff levels were to be added to the ordinary tariffs resulting in the total tariffs on different agricultural products. This is called the "tariffication" of the non-tariff measures.

Tariff quotas: providing very low tariffs up to certain specified levels of imported quantities of different products.

Prohibitive tariff: an excessively high tariff that keeps out imports.

Terminator Technology (sterile seed technology). Terminator seed developed by Delta and Pine Land Company. The (sterilisation) patent is owned by Delta and the USDA. But Monsanto was buying. Related: Traitor seed.

Trade policy is part of a broader umbrella of foreign economic policy that has traditionally been designed to promote competitiveness and to protect jobs and income. (The other areas of foreign economic policy are: 1) investment policy which involves lending and borrowing and rules for foreign investment; 2) foreign aid which covers such matters as overseas development assistance; and 3) balance of payments policy which may involve fiscal and monetary policy tools, exchange rate adjustment and exchange controls. [Spero and Hart 1997.]

Trade policy instruments: Include the tariff (a tax on foreign goods) and (over the years) a host of so-called non-tariff barriers (NTB's) such as quotas, anti-dumping and domestic content (rules of origin) laws. These instruments all have advantages and disadvantages that reinforce the divisive nature of trade policy setting.

Trade Policy Review: The mandate of the trade policy review division is to review the trade policies and practices of the QUAD (the US, The EC, Japan and Canada) every two years, middle income countries (16) in terms of descending order every four years, and all other countries once in six years.

VERs/VRA: voluntary export restraints—a so-called grey area measure. A variant of the orderly marketing agreement such as the MFA whereby importing and exporting countries agree on a market sharing pact whereby the exporting country 'voluntarily' agrees to restrict its export of a commodity to the importing nation. WTO has now prohibited future use of these and set a timetable for notification and elimination of existing measures or for bringing them under a safeguard agreement (within four years of coming into WTO). All such measures undertaken under GATT 1947 must be terminated within five years of WTO or 8 years after the date of application of the measure, whichever is later.